

# Buy, Buy Britannia

## Opportunities Galore in the United Kingdom

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U.S. Commercial Service

The United Kingdom, which encompasses Great Britain (England, Scotland, and Wales) and Northern Ireland, is the United States' fourth-largest export market by value (after Canada, Mexico, and Japan). Last year, the United States exported to the United Kingdom goods worth more than \$41 billion, a 25-percent increase over 1996.

Instead of a few big exporters responsible for these sales, more than 34,000 U.S. firms—primarily small and medium-sized—shipped products there last year. Only Canada made more purchases from U.S. companies. Some of the reasons why the United Kingdom is such an attractive market for U.S. businesses include a common language, similar business practices, and comparable consumer tastes.

### SELECTING PARTNERS

According to the U.S. Commercial Service, the global business solutions unit of the U.S. Commerce Department, the health care market in the United Kingdom is one of the top prospects for U.S. companies. One of the U.S. companies exporting to the

### FACTS AND FIGURES

**Total area:** 244,820 square km (a little smaller than Oregon)

**Population:** 59.8 million

**GDP:** \$1.5 trillion (2002 estimate)

**Real GDP growth:** 2.6% (2003 forecast)

**Inflation:** 2.4% (2003 forecast)

**GDP by sector:** services 73%, industry 25%, agriculture 2%

**Currency:** British pound (pound sterling)

**Exports:** manufactured goods, fuels, chemicals, food, beverages, tobacco

**Imports:** manufactured goods, machinery, fuels, foodstuffs

Sources: CIA, IMF, EIU.

United Kingdom is Earthlite, Inc., of San Diego, California. Earthlite manufactures high-quality massage and therapy products.

Earthlite entered the U.K. market with the help of the Commercial Service. Working with Commercial Service professionals in San Diego and at the U.S. embassy in London, Earthlite was introduced to several prospective distributors through International Partner Search. This is a Commercial Service program that analyzes market research, coordinates contact information, and finds distributors or partners for American businesspeople.

Earthlite Vice President Bryan Burlison credits the Commercial Service with helping to get the company's international business up and running. "These resources have helped us

overcome some of the hurdles of doing business overseas," says Burlison. As a result of Burlison's experience in the United Kingdom, the company has used Commercial Service assistance in other parts of Europe.

Another service that matches U.S. companies with foreign buyers is Gold Key, which sets up face-to-face appointments for visiting U.S. business people with pre-screened prospective customers. Now available in the United Kingdom and elsewhere is a video version of the Gold Key, whereby U.S. companies in 105 U.S. locations can hold discussions with up to five carefully selected foreign buyers. Deals are sometimes negotiated "off-line" after the videoconferences, but more often the video sessions pave the way for face-to-face meetings in which deals are finalized.



#### DIVERSE PROSPECTS

There are many other sales opportunities in the United Kingdom. Janet Callahan, a Native American jewelry maker, has found a market there. Great demand exists for food products, tourism and travel services, professional services, apparel, medical equipment, and much more.

Direct marketers will also find the United Kingdom attractive, mainly because of inexpensive transatlantic telecommunications and bulk mail, as well as a good distribution system and wide use of credit cards. Opportunities are also opening up for on-line retailing which, while not

as popular as in the United States, is catching on quickly.

Although we share the same language and similar interests as the British, the American businessperson must consider cultural differences. For example, if you write favorite instead of favourite in your sales brochure, a buyer in London may think it is a misspelling. And that is not the first impression you want to make. But even if people in the United Kingdom call car trunks boots and hoods bonnets, Americans with strong products are mastering these differences and finding many promising opportunities in this market. ■

#### BEST PROSPECTS

##### Non-Agricultural

Motor cars, motor parts and accessories, transportation equipment, computer software and services, drugs and pharmaceuticals, medical equipment, chemical industry, apparel, tourism and travel, and toiletries

##### Agricultural

Organic, ethnic and specialty food products; wine and beer, ice cream, prepared cereal products, processed fruit and vegetables, sauces, apples, grapefruit, seafood, and wood products.

Source: U.K. *Country Commercial Guide*.

## U.K. BANK AND PUBLIC HOLIDAYS, 2003

### January

1 New Year's Day

### March

17 St. Patrick's Day  
(Northern Ireland)

### April

18 Good Friday  
21 Easter Monday

### May

5 Early May Bank Holiday  
26 Spring Bank Holiday

### July

14 Orangemen's Day  
(Northern Ireland)

### August

4 Summer Bank Holiday  
(Scotland)  
25 Summer Bank Holiday

### December

25 Christmas Day  
26 Boxing Day

Source: U.K. Department of Trade and Industry ([www.dti.gov.uk/er/bankhol.htm](http://www.dti.gov.uk/er/bankhol.htm)).



#### "INSIDE INFORMATION" ON THE UNITED KINGDOM

##### The United Kingdom Meets E-Commerce

Some 13 million Britons have Internet access. Over 80 percent of companies in the United Kingdom have Web sites, with 35 percent of these selling merchandise on-line. The country has world-class telecommunications firms, leads the world in mobile telecommunications technology, and obviously uses English, the universal language of the Web. Surprisingly, the United Kingdom still lags behind the United States, Canada, and Australia in both business and consumer e-commerce use. Clearly, there is room for improvement.

##### Blair Sets New Goals

Acutely aware of the enormous challenges and opportunities of e-commerce, Prime Minister Tony Blair has identified the following ambitious goals for e-commerce: overcoming inertia among businesses not yet switched on to the Internet; making improvements in electronic service delivery and procurement; and maximizing coordination between government and industry in meeting these goals.

This initiative is intended to transform the United Kingdom into the best environment in the world for e-commerce. Given an educated population with a highly motivated work force, a strong technology base, and a business-friendly tax structure, this burgeoning market shows great promise for offshore investors. In today's England, the "e" definitely stands for e-commerce.

##### Business Customs

Some fundamental cultural differences between the U.S. and the U.K. remain. Variations in pace and style may be most noticeable, and sustained personal contact with potential business partners is expected. Prompt acknowledgment of correspondence, adherence to appointment schedules, and a greater formality in the conduct of business is the norm.

British executives communicate more by letter and fax than by telephone, although the Internet is widely used, and e-mail is becoming more common. The British are less likely to seek legal advice and guidance than their U.S. counterparts, although a litigious culture is developing along the lines of the U.S. model.

Handshaking is customary when introduced to someone for the first time. Normal social courtesies should be observed when visiting someone's home and a small present such as flowers or chocolates are appreciated.

In hotels, a service charge of 10 to 12 percent is usual, which may be added to the bill. Ten to 15 percent is usual for restaurants, and it too is often added to the bill, in which case a further tip is not required. Ten to 15 percent is also usual for taxi drivers and hairdressers, but this is not included in the bill.

There is no legal requirement to pay service charges that have been added to bills, and if the service has been unsatisfactory, the customer may deduct it. Travelers should remember, however, that U.K. wages for catering staff are set at deliberately low levels in the expectation that tips will make up the difference.

Business people are generally expected to dress smartly (suits are the norm).

Appointments should be made, and the exchange of business cards is customary.

Normal business office hours: 9:00/9:30 a.m. to 5:00/5:30 p.m., Monday to Friday.





## WEB RESOURCES

## Embassies and Consulates

**www.britainusa.com**

Official Web site of the British embassy and consular offices in the United States. Answers questions most frequently asked in the United States about the United Kingdom and provides up-to-date government comment on current events.

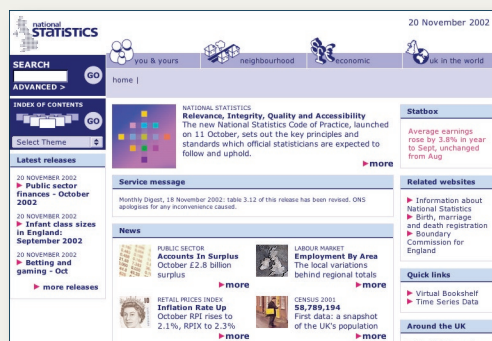
**www.usembassy.org.uk**

Official Web site of the U.S. embassy in London. Contains many useful links, including State Department background notes on the United Kingdom (basic statistics, U.S.-U.K. relations, U.K. government and politics), the latest *Country Commercial Guide* (which examines the country's commercial environment), the British Tourist Authority (BTA), and the Commercial Service of the U.S. Department of Commerce.

## Statistics and Finance

**www.statistics.gov.uk**

Provides the latest official U.K. statistics, recently released publications, and press releases.



## Treasury and Customs

**www.hm-treasury.gov.uk**

Site of the U.K. Treasury. Contains information on the United Kingdom's financial situation, including independent forecasts and general economic indicators.

**www.hmce.gov.uk**

U.K. Customs and Excise. Provides detailed information and advice on customs requirements and VAT matters for businesses and the general public. Also provides customer service contacts for additional inquiries.

## Travel and News

**http://travel.state.gov**

Official Web site of the Bureau of Consular Affairs, U.S. Department of State. Offers a wealth of information for U.S. citizens overseas. Links include travel and living abroad, countries and regions, international affairs, history, education and culture, and business resources.

**http://news.ft.com/home/uk**

The U.K. home page of the *Financial Times*.

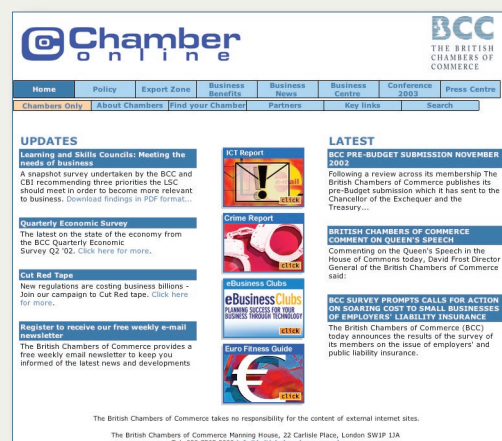
**www.ihf.com**

Site of the *International Herald Tribune*.

## Other Useful Sites

**www.britishchambers.org.uk**

The British Chambers of Commerce site provides information about business opportunities in the United Kingdom.

**www.msi-network.com/content/doing\_business\_in\_uk\_page2.asp**

Doing Business in UK -- Information for small to medium-sized business. Various topics on doing business in the U.K. are covered on this comprehensive Web site, including business culture, legal considerations, and taxation.

**www.europeaninternet.com/uk**

Internet news feeds about the United Kingdom.

**www.itds.treas.gov/UK.html**

U.S. Treasury Department's links and resources for the United Kingdom.